



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 8, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

SACRAMENTO UPDATE – HYDRAULIC FRACKING LEGISLATION

Executive Summary

This memorandum contains reports on several bills related to hydraulic fracturing. The measures would: 1) require an independent scientific study to evaluate hazards and risks associated with the process; 2) require development of a statutory framework for the comprehensive regulation of hydraulic fracturing; or 3) require reporting of chemicals used, water disposal, or notification to applicable State and local agencies, among other provisions.

Status of County-Advocacy Legislation

County-supported SB 4 (Pavley), which as amended on May 7, 2013, would require an independent scientific study on hydraulic fracturing (or "fracking") treatments by January 1, 2015 to evaluate the potential hazards and risks that hydraulic fracturing treatments pose to natural resources and public, occupational, and environmental health and safety and would require the California Division of Oil, Gas, and Geothermal Resources (DOGGR), on or before January 1, 2015, to adopt rules and regulations specific to hydraulic fracturing. SB 4 passed Senate Environmental Quality Committee

"To Enrich Lives Through Effective And Caring Service"

*Please Conserve Paper – This Document and Copies are **Two-Sided**
Intra-County Correspondence Sent Electronically Only*

by a vote of 6 to 2 on May 1, 2013. This measure now proceeds to the Senate Appropriations Committee.

Legislation of County Interest

Pursuant to the April 2, 2013 motion to support SB 4, the Board also requested that this office provide information as hydraulic fracking legislation moves in Sacramento. The information below provides an update on ten additional bills related to hydraulic fracking that are currently before the Legislature.

AB 7 (Wieckowski), which as amended on April 30, 2013, would: 1) require the operator of a well to file an application before commencing drilling; 2) require, on and after January 1, 2014, additional information to be included in the application, including information regarding the chemicals, if any, to be injected into a well; 3) define hydraulic fracturing; 4) on or before January 1, 2015, require DOGGR in consultation with the Office of Environmental Health Hazard Assessment and the Department of Toxic Substances Control to establish a process through which all chemicals used in hydraulic fracturing treatments be studied or reviewed. AB 7 passed the Assembly Natural Resources Committee by a vote of 7 to 0 on April 15, 2013. This measure now proceeds to the Assembly Appropriations Committee.

AB 288 (Levine), which amended on April 8, 2013, would: 1) define "well stimulation" to include hydraulic fracturing and acid stimulation; 2) require DOGGR to provide written approval of a notice to commence drilling or well stimulation before an operator of an oil and gas well commences drilling or well stimulation; 3) require DOGGR to provide written approval of a notice to commence drilling or well stimulation within 30 days; and 4) amend DOGGR's duties and the State's general policy related to oil and gas drilling. AB 288 passed the Assembly Natural Resources Committee by a vote of 6 to 3 on April 15, 2013. This measure now proceeds to the Assembly Appropriations Committee.

AB 649 (Nazarian), which as amended on April 19, 2013, would prohibit hydraulic fracturing or the use of clean freshwater for hydraulic fracturing purposes, if an oil and gas well is located within an unspecified number of miles from an aquifer until: 1) a report prepared by a multi-stakeholder advisory committee is completed; and 2) the Secretary of the Natural Resources Agency and the Secretary for Environmental Protection Agency make a determination as to whether, and under what conditions, hydraulic fracturing is permitted within the State. AB 649 passed the Assembly Natural Resources Committee by a vote of 5 to 3 on April 29, 2013. This measure now proceeds to the Assembly Appropriations Committee.

AB 669 (Stone), which as amended on April 17, 2013, would: 1) prior to the approval of the commencement of any oil and gas drilling, redrilling, or deepening of a well, require the operator of the well to submit written proof to DOGGR that the applicable regional water quality control board has approved the disposal method and location of disposal of the wastewater for the well; and 2) require specific information from DOGGR and the owner of an oil and gas, including information related to wastewater. AB 669 passed the Assembly Natural Resources Committee by a vote of 6 to 3 on April 15, 2013. This measure now proceeds to the Assembly Appropriations Committee.

AB 982 (Williams), which as introduced on February 22, 2013, would require the operator of an oil and gas well, as part of any notice of intent to drill, rework, or deepen an oil and gas well where hydraulic fracturing will occur, to: 1) provide a groundwater monitoring plan for review and approval by DOGGR and the appropriate regional water quality control board; and 2) provide information related to the source, quantity, and disposal of water used in the hydraulic fracturing operations. AB 982 passed the Assembly Natural Resources Committee by a vote of 6 to 3 on April 15, 2013. This measure now proceeds to the Assembly Appropriations Committee.

AB 1301 (Bloom), which as amended on March 21, 2013, would prohibit hydraulic fracturing operations until the Legislature enacts subsequent legislation that determines whether and under what conditions hydraulic fracturing may be conducted while protecting the public health and safety and the natural resources of the State. AB 1301 passed the Assembly Natural Resources Committee by a vote of 5 to 3 on April 29, 2013. This measure now proceeds to the Assembly Appropriations Committee.

AB 1323 (Mitchell), which as amended on March 21, 2013, would prohibit hydraulic fracturing until: 1) a report prepared by a multi-stakeholder advisory committee is completed; and 2) the Secretary of the Natural Resources Agency and the Secretary for Environmental Protection Agency make a determination as to whether, and under what conditions, hydraulic fracturing is permitted within the State. AB 1323 passed the Assembly Natural Resources Committee by a vote of 5 to 3 on April 29, 2013. This measure now proceeds to the Assembly Appropriations Committee.

SB 395 (Jackson), which as amended on April 4, 2013, would: 1) remove the hazardous waste law exemption in the Toxic Well Injection Control Act for wells regulated by DOGGR; 2) specify that oilfield wastewater does not include hazardous waste for the purpose of disposal in a Class II well; 3) authorize the Department of Toxic Substances Control to regulate fluids injected into Class II wells; and 4) prohibit the injection of State defined hazardous waste into Class II wells. Under current law, Class II wells can be drilled through underground drinking water aquifers and can be repositories for hazardous waste from oil and gas production. SB 395 would ensure

Each Supervisor
May 8, 2013
Page 4

that waste water produced by hydraulic fracking will be regulated in the same manner as other forms of hazardous waste by removing the exemption for produced water in the Health and Safety Code. SB 395 passed the Senate Environmental Committee by a vote of 6 to 3 on May 1, 2013. This measure now proceeds to the Senate Appropriations Committee.

SB 665 (Wolk), which as amended on April 30, 2013, would raise the bonding requirements for oil and gas wells. Specifically, this bill would: 1) raise the individual oil and gas well bond to \$100,000; 2) raise the blanket well bond (not including idle wells) to \$2,000,000 and restrict the availability to operators with 20 or more wells; 3) raise the blanket well bond for all wells owned by an operator and including idle wells to \$5.0 million; and 4) raise the offshore blanket well bond to \$1.0 million. SB 665 passed the Senate Natural Resources and Water Committee by a vote of 7 to 2 on April 23, 2013. This measure now proceeds to the Senate Appropriations Committee.

SB 802 (Evans), which as introduced on February 22, 2013, would require DOGGR to regulate oil and gas operations in conformance with the provisions of the Uniform Trade Secrets Act, was referred to the Senate Natural Resources and Water Committee. The Uniform Trade Secrets Act establishes specified rights and remedies for the misappropriation of a trade secret. A hearing on the bill scheduled for April 9, 2013 was cancelled at the request of the author.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants